



**Sun Valley General Improvement District
Board Meeting Minutes of
November 10, 2016**

Board Members Present:

Sandra Ainsworth	Chair
Susan Severt	Vice Chair
Margaret Reinhardt	Secretary
Garth Elliott	Treasurer
Joseph Barstow	Trustee

Board Members Not Present:

Staff Present:

Darrin Price	SVGID, General Manager
Jon Combs	SVGID, Public Works Director
Erin Dowling	SVGID, Customer Service Supervisor
Jennifer Merritt	SVGID, Administrative Assistant
Maddy Shipman	SVGID, Legal Counsel

Other Members Present:

Linda Elliott	Audience
Carmen Ortiz	Audience
Michael Rider	Audience
Glenda Walls	Audience
Lawrence Kagawa	Reno Indoor Paintball

The meeting of the Sun Valley General Improvement District was called to order by Chairperson Ainsworth at 6:00 pm in the Sun Valley District Administrative Building, 5000 Sun Valley Blvd., Sun Valley, NV.

Item# 1. Roll call and determination of a quorum.

Board members present; Chair Ainsworth, Vice Chair Severt, Treasurer Elliott, Secretary Reinhardt and Trustee Barstow. A quorum was present.

Item# 2. Pledge of Allegiance.

Led by Treasurer Elliott

Item# 3. Public comments for items not on the agenda.

Mr. Rider congratulated Sun Valley General Improvement District incumbents Treasurer Elliott and Trustee Barstow and newly elected Carmen Ortiz. He thanked everyone that supported and voted for him during the election. Mr. Rider stated he will continue as the Sun Valley Cal Ripken liaison.

Item# 4. Motion to approve the agenda.

Chairperson Ainsworth reported there was a typo with agenda item 11.

Treasurer Elliott made a motion to approve the agenda with typo correction amendment. Trustee Barstow seconded the motion. The motion carried unanimously.

Item# 5. Certify posting of the agenda.

Jennifer Merritt certified posting of the agenda.

Item# 6. Trustee/Manager's announcements, request for information, and statements relating to items not on the agenda.

Mr. Price announced the Sun Valley Veterans Appreciation Breakfast is November 12, 2016 at the Sun Valley Neighborhood Center starting at 9 am.

Item# 7. Discussion and motion to approve accounts payable and customer refunds for November 10, 2016.

Treasurer Elliott gave a brief report of the accounts payable for November 10, 2016.

Treasurer Elliott made a motion to approve the accounts payable for November 10, 2016 in the total amount of \$82,385.72. Trustee Barstow seconded the motion. After discussion the motion carried unanimously.

Treasurer Elliott gave a brief report of the customer refunds for November 10, 2016.

Treasurer Elliott made a motion to approve the customer refunds for November 10, 2016 in the total amount of \$1,512.92. Secretary Reinhardt seconded the motion. The motion carried unanimously.

There were no public comments.

Item# 8. Discussion and motion to approve board minutes of October 27, 2016.

Trustee Barstow made a motion to approve the board minutes of October 27, 2016 as submitted. Treasurer Elliott seconded the motion. The motion carried unanimously.

There were no public comments.

Item# 9. Update by Lawrence Kagawa with Reno Indoor Paintball regarding Paintball Park located at the Sun Valley Community Park with possible direction to staff.

Lawrence Kagawa with Reno Action Sports gave a brief update on the proposed Paintball Park at the Sun Valley Community Park. Mr. Kagawa reported he no longer has an indoor facility for paintball and the proposed Paintball Park is located outside, he felt it was appropriate to change the name of the company. They recently changed their name from Reno Indoor Paintball to Reno Action Sports. Reno Action Sports is an LLC with two officers, himself and Mr. Theron Lee. Mr. Kagawa stated he is waiting on his property insurance before he proceeds with constructing the park. He anticipates the actual construction will take approximately two days to setup. He is proposing putting up a

thousand linear feet of six foot security fencing around the park site prior to construction. He reported he had concrete poured this summer and someone vandalized it the very next day; resulting in him having to have concrete poured again. He plans on installing motion detected security lights to deter vandalizing of the park.

Mr. Price reported staff requested Mr. Kagawa to provide an update because the initial agreement was approved in February 2016 and the park has not been constructed yet. Now that Reno Indoor Paintball is no longer the official name the District would need to execute a new agreement under the new business name Reno Action Sports LLC. Mr. Price inquired if the Board would like to have the new agreement brought back to the Board for review and approval or if staff could proceed with executing a new agreement with just the name change as needed.

Secretary Reinhardt made a motion to have staff draft a new agreement with a name change only and proceed with executing the agreement without Board review. Trustee Barstow seconded the motion.

During discussion Treasurer Elliott apologized to Mr. Kagawa for the vandalism that he has received thus far. He reminded Mr. Kagawa that the District is in support of the Paintball Park and will support him as needed. He also stated that he is still extremely upset with how Washoe County handled the Special Use Permit and the improvements that were required for the Special Use Permit.

Audience member Mr. Rider reported that Sun Valley Cal Ripken Babe Ruth uses the Sun Valley Community Park as well as the Reno Battleborn BMX; both organizations will help keep an eye on the Paintball Park. He stated it takes a group to help keep the park safe for everyone to use.

After discussion the motion carried unanimously.

Item# 10. Review of the 2015/2016 Sun Valley General Improvement District audit.

Mr. Price provided a copy of the draft 2015-2016 Sun Valley General Improvement District audit prepared by Gallina LLP. He stated the draft audit that has been provided for review satisfies the State requirements; requirement of the District having a copy of the audit by November 30th. Gallina LLP will be present at the District's December meeting to give a formal presentation of the District's audit.

Mr. Price gave a brief review of the District's draft 2015-2016 audit. In the Independent Auditor's Report it states, "We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion." He stated under the Management's Discussion and Analysis reference financial Highlights, District Highlights such as preventative maintenance, Capital Improvements, and staff training. The financial analysis of the District as a whole shows that the District revenues increased 7.1% as more customers were added during the year, reversing past years trends of fewer customers. Operating expenses reflect a 1.9% increase in 2016 compared to 2015. Under Other Supplementary Information the total Operating Income after income and expenses reflect the following: Water Operations has a profit of \$52,743, Wastewater Operations has a profit of \$487,073. The wastewater profit does not reflect the transfer of funds for the purchase of the new Vacon truck and refinancing of some bonds. The auditor will explain at the next meeting how the Wastewater Operation Income gets reduced below hundred thousand dollars. The Acquisition has a profit of \$223,108 these funds come from the State Advalorem Tax and water and wastewater facilities fees. Properties and Garbage has a

profit of \$19,192, historically this accounts makes a little profit. The District receives funds from the Garbage Franchise Fees and Rent for Prosser Properties. Parks and Recreation Operations has a loss of \$55,473. He stated staff tries extremely hard to reduce operating expenses and increase revenues for the parks. He stated there is an improvement of the overall loss compared to prior year audits.

Mr. Price reported as part of the audit Gallina LLP provides material weakness in internal control over financial reporting. This year's audit notes that there is a material weakness regarding the District's Capital Assets records. The report states, "Condition: Presently management does not have a record of land and water rights assets that includes the historical cost for purchase and fair market value "at the time received for donations." Cause: District management has not maintained a record of land and water rights capital asset values. Recommendations: Management should develop policies and procedures to record land and water rights assets into their capital asset system when assets are purchased and/or donated." Mr. Price reported the District has some of the records that the auditor is referring to and the remainder will need to be located. He stated when he took over as manager one of his first priorities was to get the District's water rights in order so they can be properly maintained. Ms. Merritt was assigned that project and she has done an outstanding job organizing and maintaining the District's water rights. The records that are missing regarding the water rights would be the market value at the time of donation of the water rights to the District by the various developers/customers. The District has records on majority of the equipment that has been purchased over the years. One of the biggest areas of concern is the lack of records for the various properties that the District owns such as the District office, pump and tank sites. He stated staff has been assigned to research for any purchase and/or donation agreements for these lands so that the District has proper records and management has already implemented a procedure moving forward for proper documentation for record keeping to satisfy the auditors recommendations. Mr. Price stated there is a small chance that the older records could have been disposed of years ago when the District was disposing of records based on the record retention schedule and advice of prior legal counsel.

Discussion ensued regarding records of purchased and/or donated of lands and water rights from the 80's and older. Staff was directed to pursue obtaining copies of recorded documents from Washoe County Recorder's Office.

Mr. Price assured the Board that all current purchases and donations are properly being recorded. The District's Asset Management is something that needs improvements and needs to be worked on over the next couple of years. It entails antiquated software that records all purchases and automatically generates a depreciation schedule for each individual asset. He reminded the Board the auditor's main concern is for the items listed in the District's Asset Management that the District does not have records for.

Treasurer Elliott stated it is very dis-concerning regarding the District's historical record keeping and should be the District's priority to complete the District's Asset Management report as recommended. He stated he is not confident the District will get any resolution with searching for documents at Washoe County; a lot of their records are in boxes too.

After further discussion Mr. Price stated he provided the auditors with a copy of the District's insurance estimated values regarding the District's properties to provide current replacement value. He reminded the Board that the Gallina LLP will be present at the District's December meeting to give a formal presentation of the District's 2015-2016 audit and acceptance of the audit.

Item# 11. Discussion and action to approve Sun Valley General Improvement District financial obligation for its share with the City of Sparks, Truckee Meadows Water Reclamation Facility refinance of SRF Loan.

Mr. Price reported the City of Sparks has been actively pursuing refinance of all of its State Revolving Fund loans associated with the Truckee Meadows Water Reclamation Facility. As a lessee of capacity at Truckee Meadows Water Reclamation Facility through the City of Sparks, the District will directly benefit from any savings associated with this refinancing. He stated the existing interest rate from the two applicable loans was 2.66% and 2.688% and the new interest rate is 1.25%. The total cost to the City of Sparks to refinance is \$70,086.00 of which the District's portion would be 16% or \$11,076.00. The total savings to the District after refinancing is \$307,000.00 over the course of the loan.

Secretary Reinhardt inquired if the loan contract period was extended by refinancing.

Mr. Price responded the loans will continue with the same contract period and the same amortization schedule, just the interest amount has been changed.

Vice Chair Severt made a motion to approve to pay the City of Sparks \$11,076.00 for the District's proportionate share of the refinancing of the City of Sparks State Revolving Fund loans associated with the Truckee Meadows Water Reclamation Facility. Chairperson Ainsworth seconded the motion. The motion carried unanimously.

There were no public comments.

Treasure Elliott temporarily left the dais at 6:50 pm

Item# 12. Review and update regarding Sun Valley General Improvement District credit/debit card service fees with possible direction to staff.

Ms. Dowling gave a brief report on the District's credit/debit card service fees. The District implemented its online portal for customers February 2015; this allows customers the opportunity to view their accounts and/or submit payments electronically. Currently the District does not charge a service fee to view accounts online, however there is an associated service fee collected at the time when a customer makes a payment. When the District Board approved to implement the online portal, the Board agreed customers should pay for the convenience to pay with their credit/debit card to offset the bank charges that are incurred by the District for this service. At the time of implementation it was anticipated that \$1.97 per transaction would cover all bank fees charged to the District. She stated in order to be in compliance with governing rules and regulations, staff continually monitors the fees charged vs. fees collected to ensure that the District is not earning any revenue on the service fees. After monitoring these fees over the past year and it was determined that \$1.97 per transaction was not enough to cover the bank charges and the Board increased the service fee to \$2.71 per transaction February 2016. Since then staff continued to monitor service fees collected versus actual bank charges and the current data shows an adjustment is needed again.

Ms. Dowling provided various periods showing what the proposed service fee amount should be based on the number of transactions for that particular period. Based on the current data it is recommended to decrease the service fee before the end of the current fiscal year to ensure the District does not make any revenues from the service fees collected. She stated staff does not have a recommendation at this time as to what that new service fee should be until a Tariff Hearing is scheduled.

Chairperson Ainsworth requested clarification if the adjustment staff is recommending is an increase or a decrease.

Ms. Dowling responded the recommendation would result in a decrease of some kind. The recommended amount would be based on the data collected up until the time the District holds a Tariff Hearing potentially next spring.

Ms. Shipman stated the District currently would need to hold a Tariff Hearing to adjust the service fee every time the fee needed to be adjusted in order to ensure the District does not earn any revenue from the service fees. She had suggested for consideration the next time the District holds a Tariff Hearing the District could adopt a policy similar to the Districts Recreation Fee Schedule (rental and user fees) and have a basic Tariff provision that has the Board reviewing the credit/debit card service fees annually or every six months and adjust the fee schedule as needed without out having to go through the Tariff Hearing process each time.

Vice Chair Severt stated at this time she would like to continue monitoring the data before making a decision. She inquired if the number of transactions has an effect on the service fees.

Ms. Dowling responded the number of transactions absolutely is a factor regarding the credit/debit card service fees. No matter what period you look at to determine what the service fee should be, it will never be the same. The service fee is based on the number of transactions, the total amount of a transaction, even what card is used to make the transaction. When the District Board proceeded forward with the online portal the Board wanted to cover all associated expenses related to credit/debit card payments this would include, online portal expenses and bank expense. She stated she works closely with the District's accountant to make sure all expenses are recorded appropriately to help determine an accurate service fee.

Treasurer Elliott returned to the dais and had had some concerns regarding the District's credit/debit card service fees. He stated the Board was told and misled by staff regarding the service fees. He believes the District is doing a disservice to the customers who use a credit/debit card for payment. Customers are now forced to pay with a credit/debit card and are now subjected to a service fee since the District eliminated the electronic check payment method. He would like to reevaluate the District's service fee structure and actual charges associated with credit/debit card use.

Ms. Dowling responded while Treasurer Elliott was away from the dais, she explained to the Board the complex process determining the credit/debit card service fee based on a period of time. The service fee changes almost daily/monthly based on the number of transactions that are made. The banks charge a different fee to the District based on the type of card used, how much the transaction is and how many transactions are being processed. Staff looks at the overall expenses charged to the District by the banks to determine what the service fee should be. She reminded the Board the District has to make sure it's not over charging customers per regulations and in some cases lower the service fee as indicated in the staff report. She reported when the District stopped accepting electronic checks as a form of payment, the District did not force anyone to start paying a service fee. The current \$2.71 service fee applied to all credit/debit card payments including electronic check payments. Customers are not charged a service fee when they make a payment with one of the following payment methods; cash, check, money order/cashier check, ACH, or with their

online bill pay through their own bank.

Vice Chair Severt stated she does not feel that staff has misled the Board in any way regarding the credit/debit card service fees. Staff has provided the Board with all the information and obviously an adjustment is needed.

Mr. Price reported staff provided information to the Board to assist with establishing a credit/debit card service fee. Prior to the District implementing an online portal the District charged \$1 service fee to customers who paid with credit/debit cards. All other customers who paid with cash, check, money order, etc., were subsidizing credit card payments. When the District implemented the online portal the Board was adamant that there would be no subsidizing for customers who pay their monthly statements using credit/debit card. The credit/debit card customers are now subsidizing other customers who use the online portal to view their accounts. He stated there is an expense to the District to offer the online portal for account access. Mr. Price suggested for consideration the District adjust the service fee to a flat rate as close as possible to cover expenses, but the District may have to pick up a portion of the expenses as part of the District's general operating expenses. This would also eliminate the need to adjust the service fee throughout the year to avoid the District earning any revenue from the service fees.

Additional discussion ensued regarding subsidizing and credit/debit card service fees. The Board directed staff to continue monitoring bank expenses regarding the credit/debit card usage and provide updates as needed until a Tariff Hearing is scheduled.

There were not public comments.

Item# 13. Discussion and consideration of potential Community Development Block Grant Projects with possible direction to staff.

Mr. Price stated no other project ideas have been submitted, staff continues to pursue information regarding a community cleanup event.

Vice Chair Severt stated she would like to see additional concepts included in the community cleanup event. She would like to see junk car removal, neighborhood dumpster program, organized cleanups, dump passes, lightbulb recycling, hazardous material recycling, appliance recycling, and green waste recycling. Consideration of park revitalization and park adoption. She suggested an educational component that can be provided throughout the schools. She also suggested helping local businesses with landscaping revitalization in return for recreation sponsorship.

Treasurer Elliott stated everyone has great ideas for a Community Development Block Grant project. The moment they implemented economic development criteria to the grant process has restricted a lot of applicants.

Mr. Price stated putting together an all exclusive cleanup event will take time. He stated he will bring back a cleanup event proposal for formal approval for next year's grant submittal.

There were no public comments.

- Item# 14. Discussion and consideration regarding Washoe County's proposed Economic and Conservation Act (Washoe County Federal Lands Bill) with possible direction to staff.**
Mr. Price stated he continues to research potential properties needed for District use and for potential preservation for the potential Sun Valley Rim Trail per the Park Master Plan.

Treasurer Elliott stated Washoe County offered a public forum to discuss the Washoe County Federal Lands Bill. He stated during their presentation Washoe County confirmed that the Land Bill is in the early stages and there were a lot of citizen concerned regarding use of the wilderness areas. He stated it is important that the District decides soon what its future needs are and reserve any potential lands.

Audience member Mr. Rider representing Sun Valley Cal Ripken stated that members of the all the sports organizations would like to see the park system expanded and suggested a full sports complex that could accommodate multiple sports. A facility that could provide a field for soccer, football, and another large baseball field that could be used for regionals and tournaments. He stated most likely such a facility would not be developed for some time, but the District could at least plan for it and potentially reserve land for a future sports facility.

- Item# 15. Legal report by Maddy Shipman.**
None

- Item# 16. Field report by Jon Combs.**

Mr. Combs reported on the following items;

- He met with New-To-You-Computers regarding a potential e-waste recycling day and they have agreed to partner with the District. They would supply the District with totes for recyclables. There would be a fee for the disposal of computer monitors and TV's which Mr. Comb's is hoping to offset the cost with revenue received from heavy metal appliances. He stated he has additional meetings scheduled for December and hopes to provide a full report at the December's meeting.

- Item# 17. Office report by Erin Dowling.**
None

- Item# 18. Manager's report by Darrin Price.**

Mr. Price reported on the following items;

- He thanked the Board for the opportunity for staff to attend the CA-NV-AWWA Fall Conference. The conference was very informative; he attended a lot of sessions regarding bonds and capital assets.
- The lawsuit regarding the individual who hurt their ankle at the Sun Valley Pool; the hearing has been postponed until March 2017.
- Truckee Meadows Water Authority staff is recommending a 13% rate increase over a five year period to help protect their bond ratings. The recommendation has been reviewed by the Truckee Meadows Water Authority Standing Advisory Committee and is being presented to the Truckee Meadows Water Authority Board on November 16th.
- On behalf of the District he wished Vice Chair Severt and Ms. Shipman a happy birthday.

Item# 19. Public Comments.

Audience member Mr. Rider gave a brief update from the Sun Valley Cal Ripken Board meeting. He stated Sun Valley Cal Ripken used to have a sign located on the old concession building at Gepford Park designating the park as the "Home to Sun Valley Cal Ripken" and they would like to have another sign. He stated Sun Valley Cal Ripken has begun accepting registration for upcoming spring ball and would like to have permission again to put banners on the fences to help promote baseball sign ups. He also announced that Sun Valley Cal Ripken will be in the upcoming Sparks Christmas parade on December 3, 2016 and invited the Sun Valley General Improvement District Board of Trustees to participate in the parade with Sun Valley Cal Ripken.

Ms. Merritt requested if any of the board members wish to participate in the Sparks parade with Sun Valley Cal Ripken to let her know so she can prepare a notice of possible quorum.

Item# 20. Board Comments.

Treasurer Elliott stated he has seen the Sun Valley Park marquee lit up and suggested that someone from the District should notify the surrounding neighbors of the District's intentions. The District's intentions are to replace the static sign with a more colorful dynamic sign to help promote programs, events and emergencies. He would like to use the residents input during the upcoming Washoe County Board of Adjustment Hearing for the District's request for a Special Use Permit for an electronic message display.

Vice Chair Severt reported she recently spoke with a representative with EDawn through her place of employment. During her conversation with EDawn she inquired why they haven't done additional outreach to public businesses. Their response was they are too busy. She requested someone from EDawn to contact Mr. Price regarding economic development.

Item# 21. Future Agenda Items.

Darrin Price reported the following items will be on the next agenda;

- Continuation regarding Washoe County Land Conservation Act
- Marketing update by Nancy Eklof
- Review of the draft winter Pipeline
- Discussion regarding e-waste recycling day
- Presentation by UNR Extended Studies regarding Radon
- Update from Family Resource Center
- Presentation by Gallina LLP of the District's 2015-2016 audit
- Update regarding the Washoe County Board of Adjust Meeting for the District's Special Use Permit request

Item# 22. Adjournment.

Secretary Reinhardt made a motion to adjourn at 7:45 pm. Treasurer Elliott seconded the motion. The motion carried unanimously.

Approved by the SVGID Board of Trustees on December 08, 2016.

Minutes Prepared by:
Jennifer Merritt, Administrative Assistant